

**CITY OF NORFOLK, VIRGINIA
OFFICE OF THE PURCHASING AGENT
RFP 5060-0-2016**

ADDENDUM NUMBER 1

City of Norfolk Request for Proposal No. (5060-0-2016) is amended as follows:

Section IV – Proposal Submittal Requirements

Subsection B is amended as follows:

Numbered tabs and dividers are required for each of the sections listed and in the order below:

- I. RFP Cover Page & Attachments A, B, C, D, E and F, filled, signed or initialed as necessary.
- II. Introduction to Offeror
- III. Experience in Providing Similar Service
- IV. Approach and Capacity
- V. References
- VI. Exceptions to the City's Contractual Terms and Conditions

Subsection C is amended to add the following:

VI. Exceptions to the City's Contractual Terms and Conditions (under TAB VI of proposal):
Offeror shall identify any exceptions to the City's Contractual Terms and Conditions, including any proposed revisions(s), and an explanation of why such revision is needed.

Questions & Answers:

The follows questions were submitted. Answers and requested attachments have been provided as requested.

Questions	Responses/ Attachments
General Audit Questions	
1. How long have you had your current audit services provider?	8 years
2. Is your current audit service provider eligible to / been asked to respond to this RFP?	Yes
3. What was the audit fee for fiscal year 2015?	\$603,504

4. What do you like best about your current audit service provider?	<ul style="list-style-type: none"> *The consistency and level of involvement of the engagement partner from year to year; *Thoroughness; *Experience; *Professional; *Resources; *Responsiveness of all engagement team members at all times of the year; *Audit team has been made of individual's with governmental accounting experience; and *Technical training provided as it relates to new accounting standards, etc...
5. Are there any areas in which you would like to see changes/improvement or additional service offerings?	<ul style="list-style-type: none"> *Increase in the level of governmental accounting experience of the associates; *We continue to strive to meet the November 30 reporting deadline; *Limiting engagement team member turnover as much as possible
6. When has interim and final field work for the audit historically been performed?	Interim fieldwork work is normally performed during the month of June. Final fieldwork occurs the last week in September/first week in October through the end of November. The City's audit was completed in December.
7. How many auditors and for how many days were the auditors on site for fieldwork for the fiscal year 2015 audit?	For the City interim fieldwork lasted approximately 4 weeks and consisted of one manager, one senior and two or three associates. Final fieldwork lasted approximately 8 – 9 weeks and consisted of a partner, two managers, two to three seniors and four to five associates. For Norfolk Public Schools (NPS) interim fieldwork lasted approximately 4 weeks and consisted of one senior and one associate. Final fieldwork lasted approximately 8 – 9 weeks and consisted of a senior and one to two associates.

<p>8. How many audit adjustments were required for the fiscal year 2015 audit and please provide a brief description of the nature of such adjustments.</p>	<p>The City had substantial staff turnover in FY 2015 which led to an atypical number of audit adjustments from prior years. However, the City has since hired a full complement of qualified staff and has ensured adequate training which we believe will significantly reduce the number of need adjustments. Typically the adjustments are those required in drafting the Government-Wide Financial Statements and or reclassifications (i.e. Due to, Due from). All adjustments are approved and reviewed by the City staff involved with the audit. For NPS, there were two audit adjustments as follow:</p> <p>* A \$10.7 million current assets reclass from accounts receivable to cash in the general fund. This represented money that the City had received on June 30th from the State on behalf of NPS. The City did not transfer the money to NPS until July 1st. The reclass was made to reflect the funds as a deposit in transit versus a receivable.</p> <p>*A \$329K adjustment to increase both expenses and revenue in the grants fund for indirect costs that were not recorded. There was no impact to fund balance.</p>
<p>9. Who prepares the Norfolk Public Schools (NPS) CAFR and Economic Development Authority's (EDA) Financial Statements?</p>	<p>*The Senior Director of Accounting prepares the NPS CAFR *The EDA financials are compiled by an outside firm and completed by the Secretary-Treasurer of EDA in consultation with the Department of Finance at the City</p> <p>*Retirement is prepared by the Executive Director and the Management Analyst in the Retirement Office.</p>
<p>10. For single audit purposes, are there any significant changes to programs or the level of funding during FY2016 (i.e. new grants or grants that are no longer being funded)?</p>	<p>There are no significant changes; however, on January 24, the US Department of Housing and Urban Development (HUD) awarded \$120.5 million from the National Disaster Resilience Competition and NPS has received two new grants in FY16 worth nothing as follows: 5 year Department of Defense grant totaling \$1.5 million; and 4.5 year Virginia's Pathway for Pre-school Success Grant totaling \$7.3 million.</p>
<p>11. Please provide a copy of the following documents from the fiscal year 2015 audit:</p>	<p>City - Attachments 4,5,12, and 13 NPS - Attachment 8 Retirement System - Attachment 3</p>

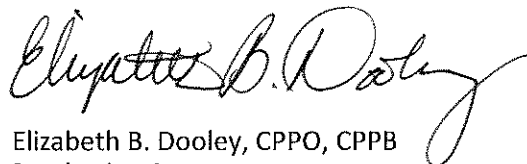
Management letter (SAS 114)	
Communication letter to those charged with governance	
12. Has the City experienced any changes in key personnel during the current fiscal year? If so, please describe such changes.	No
13. The RFP indicates that the contract begins 7/1/16; however, some phases of the audit would begin prior to fiscal year end. What is the expected timeline for interim work for the first year of the contract for fiscal year ending June 30, 2016?	We would like interim fieldwork to begin in June; however, if the contract does not begin until July 1st, we would like it to take place as early in July as possible. Typically single audit and IT testing work have been done prior to July 1 and we are agreeable for interim testing during late May and/or June as necessary. See Attachment.
14. Please provide an electronic copy of the FY2015 Norfolk Public Schools (NPS) CAFR and Norfolk Economic Development Authority (EDA).	NPS - Attachments 7 and 10 (In FY15, agreed upon procedures were performed. An audit was performed in FY14 for the student activity funds. We would like the funds to be audited similar to what was done in FY14). EDA - Attachments 6
15. Please provide an electronic copy of the FY2015 student activity funds reports and indicate the preferred format of reporting the results of individual schools.	Attachments 1, 2, and 9
16. Please provide GFOA/ASBO comments for the FY2015 CAFR of the City of Norfolk and Norfolk Public Schools.	Not as of yet

Proposal Format Questions	
17. The RFP specifies that the proposal cover/binder be recyclable or easily removable. We typically use a standard plastic cover with comb spine. Would this be acceptable as easily removable? What binding meets the requirements of recyclable?	Yes, the plastic cover and comb spine is acceptable. The City prefers for vendors to use products which are made from recycled materials and can easily be recycled after the process is complete.
18. Confirm that Tab 1 should include the RFP cover page as well as Attachments A – F signed. Tab 1 asks “The Offeror is to provide its technical capabilities for accomplishing the auditing services required for the City, the Norfolk Public Schools, Norfolk Employees’ Retirement System of the City of Norfolk and the Norfolk Economic Development Authority.” Should this be included in Tab 1? Please confirm what information should be included in Tab 1 and differentiate between the information that should be included in Tab 2.	Yes, Tab I should include both the completed RFP cover page and Attachments A-F. Tab II should include the Introduction to Offeror response.
19. The RFP indicates that Exceptions/Alternatives to the Scope should be included in Tab VII of the proposal; however, there is no Tab VI. Should Exceptions be included as Tab VI?	Yes, Tab VI should be added and offerors should list an exceptions to the standard terms and conditions listed in the RFP.
Retirement System Questions	
20. Did the System receive any comments from GFOA on their 2015 CAFR?	Not as of yet

21. The System will have to implement GASB 72, what efforts have been made to evaluate the impact of the implementation on the System's financial statements?	Working with custodian and investment consultants
22. The statements report an employer deficit contribution of \$3.3M. Is this the result of the accounting policy for employer contributions on a "when received" basis rather than "pursuant to legal requirements" basis? If so, please indicate why this policy is followed.	No
23. Internal control report indicates one significant deficiency related to valuation of non-exchange traded funds. Please provide management's response to this deficiency.	Attachment 11

The balance of the solicitation remains unchanged.

City of Norfolk, Virginia



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Purchasing Agent

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RETURN THIS PAGE, FULLY COMPLETED AND SIGNED, WITH YOUR BID:

RECEIPT OF ADDENDUM NUMBER (1) IS ACKNOWLEDGED.

FIRM NAME: _____

AUTHORIZED SIGNATURE: _____ **DATE:** _____